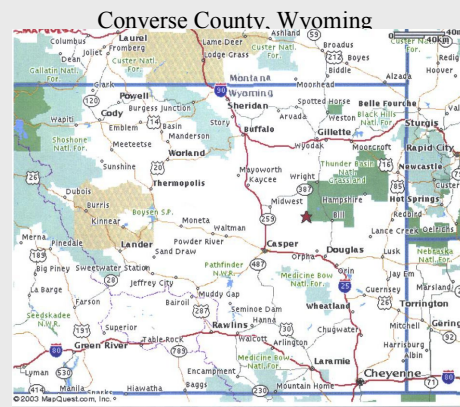


Ernie Scott  
Manager Mining Operations  
Anadarko Petroleum Corporation



## Location

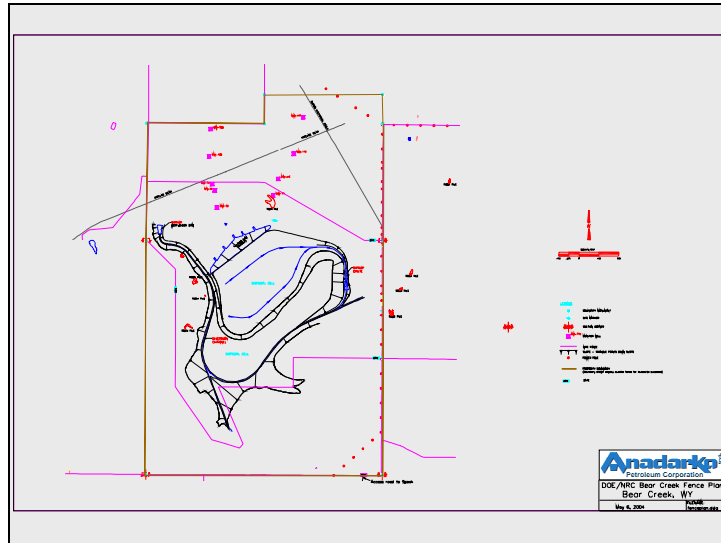


## Site History

- Mine opened in 1976
- Mill operational in 1977
- Final mine reclamation started July 1985
- Five pits reclaimed
  - 35 million cubic yards of backfill
- Mine reclamation completed in 1988
- Tailings reclamation started in 1997
- Tailings reclamation completed in 1999
- Closure Cost \$48 million & counting

## Tailings & Mill Area Fall 1999





## Current Status

- Long-term care area 1000 acres in Section 9 & 16
- Section 9 ownership
  - BLM surface & minerals
    - 25 acres
  - Anadarko surface & minerals
    - Patented mill site claims
      - 95 acres
    - Purchased from Hardy Ranch
      - 240 acres

## Current Status

- Section 16 ownership
  - Anadarko surface
    - 640 acres purchased at auction 2003
  - State of Wyoming minerals
    - coal lease held by Bear Creek Uranium
    - oil & gas lease held by Black Diamond Energy

## Issues

- Acquisition of Section 16 mineral estate
  - Land swap proposal under consideration by State Lands staff
- ROW's/Easements
  - PacificCorp power line
  - Woods Petroleum natural gas pipeline
  - Qwest telephone line
- Reasonableness of ACE review

## The Challenge

- Cooperative effort Operators-State-NRC-DOE & ACE
  - Common goal-expeditious transfer of safe environmentally sound site to DOE
- DOE must step up to the plate
  - Provide guidance to ACE
  - Identify areas where exceptions to ACE policy/procedure may be warranted
    - ROW's/Easements outside tailings cell
    - Monitor well water rights
    - Oil & gas leases ? Directional/horizontal drilling

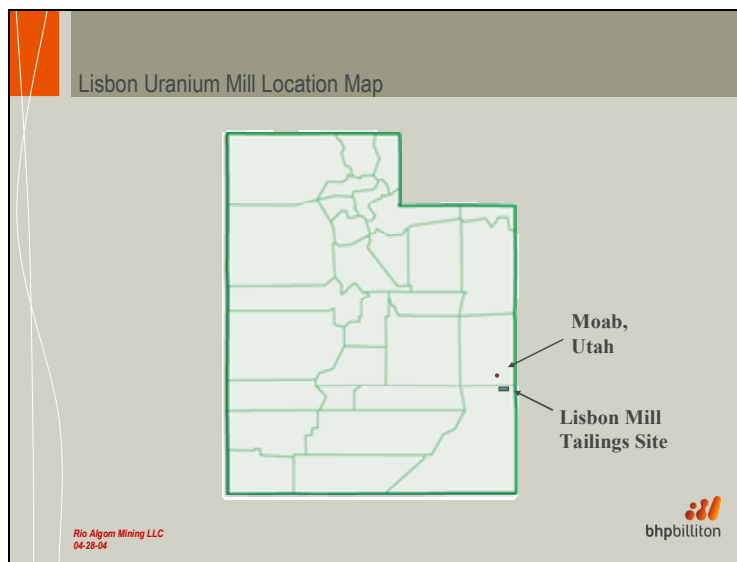
# Land Acquisition and Transfer Issues

## Rio Algom's Lisbon Uranium Mill Tailings Site

NMA/NRC Uranium Recovery Workshop  
May 18-19, 2004  
Denver, Colorado



Pat Winmill & Mike Malmquist  
Parsons Behle & Latimer



## Lisbon Site History

- The Lisbon mine and mill were developed by Rio Algom Limited, and subsequently transferred to Rio Algom Mining Company (RAM).
- The mine and mill operated from 1972 - 1984, with toll milling thereafter until 1988.
- The mill had an operating capacity of 750 tpd.
- During ops., mill employed 250 employees & processed over 18M lbs. of U3O8.
- The site has a significant plume of tailings seepage into the uppermost aquifer. The CAP has been active since 1990 & recovered 606 Mmgals of contaminated water.
- Tailings dewatering and capping was completed in 1995.
- The mill was demolished and disposed into the toe of the upper dam in 1996.
- NRC approved completion of site decommissioning in 2001.
- NRC approved RAM's ACL application, and termination of the CAP, in May of 2004.

Rio Algom Mining LLC  
04-28-04

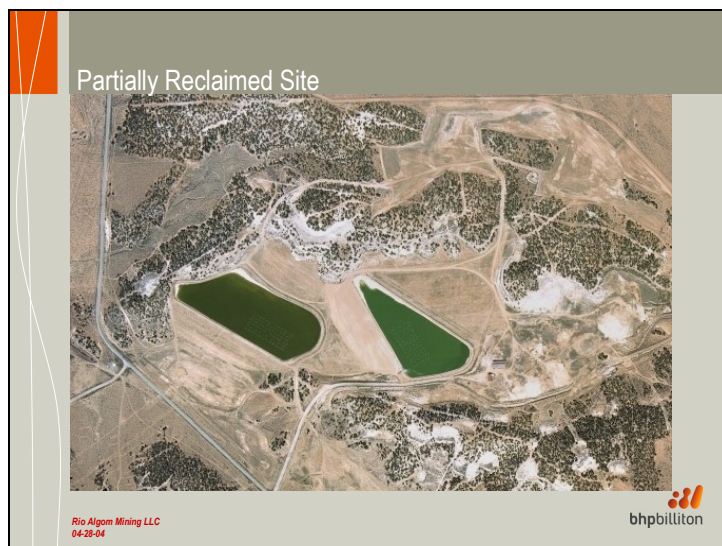


## Lisbon Ownership History

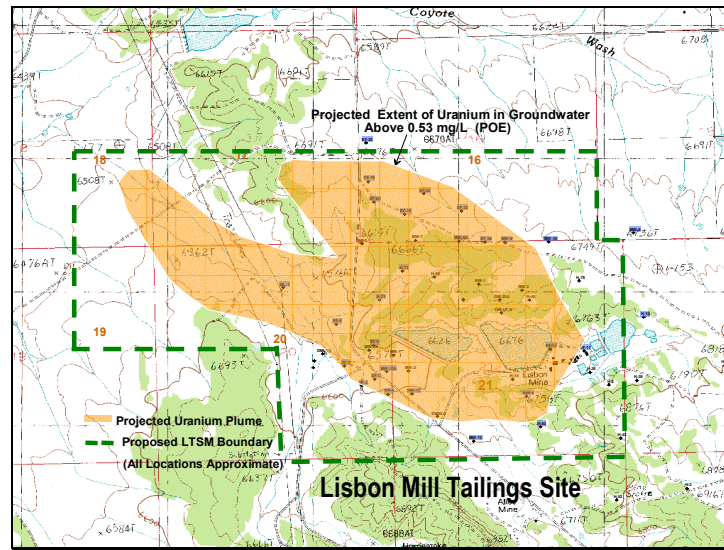
- Site developed by Rio Algom Ltd.
- Site transferred from Rio Algom Limited to Rio Algom Mining (RAM) in 1989.
- RAM acquired by Billiton in 2000.
- Billiton was merged with BHP in July 2001, creating BHP Billiton, the current owner.

Rio Algom Mining LLC  
04-28-04









## Identifying Interests & Finding Owners

- Company Land Records
- Preliminary Title Report — Identify ownership interests
- County/State Real Estate Tax Records — Name and address of current taxpayer



## Company Land Records

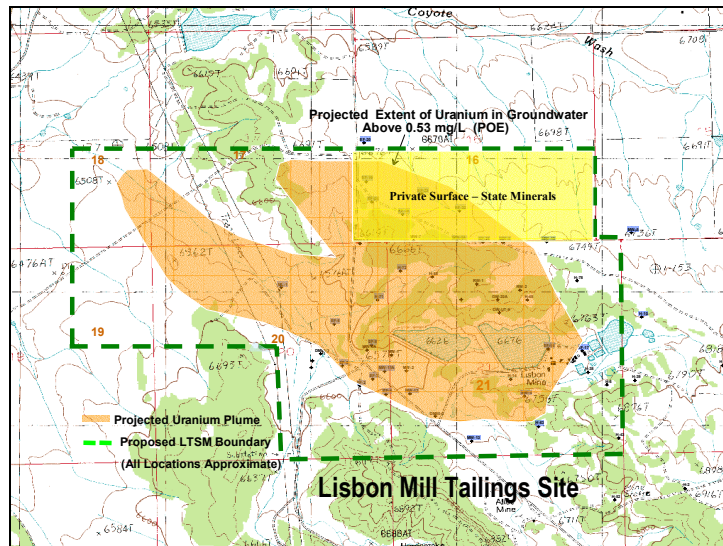
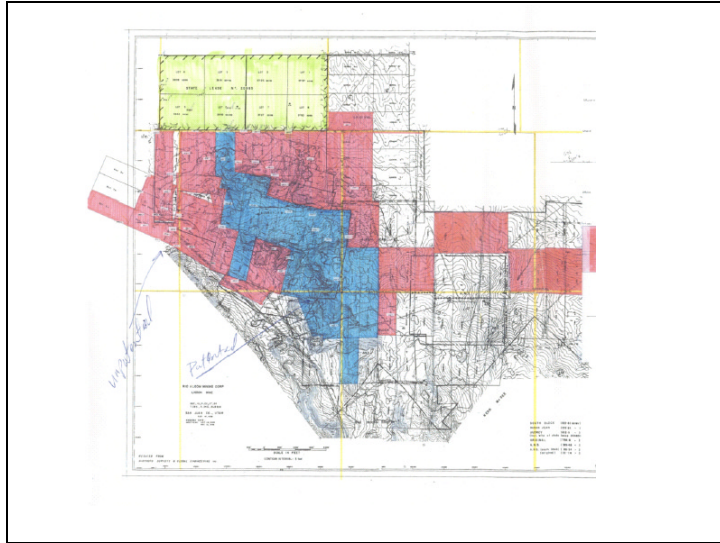
- Issues
  - Passage of Time
  - Changed Ownership/Institutional Memory
  - Focus on CAP and NRC Licensing Issues

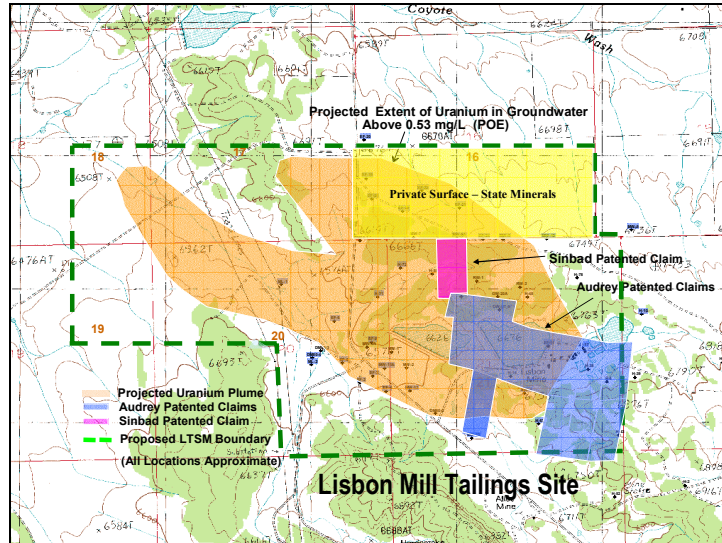


## Preliminary Title Report

- Issues
  - Accuracy
  - Doesn't give current addresses
  - Unrecorded interests







## Audrey Patented Claims

- $\frac{1}{4}$  Undivided Interest: Rio Algom
- $\frac{3}{4}$  Undivided Interest: ?  
(Multiple Owners)



## Sleuthing–

- Tax records
  - Interests not assessed
  - outdated
- Current resident at last known address
- A-1 Bank
- Lawyers listed on documents
- Probable family members from chain of title
- Internet Searches for Name

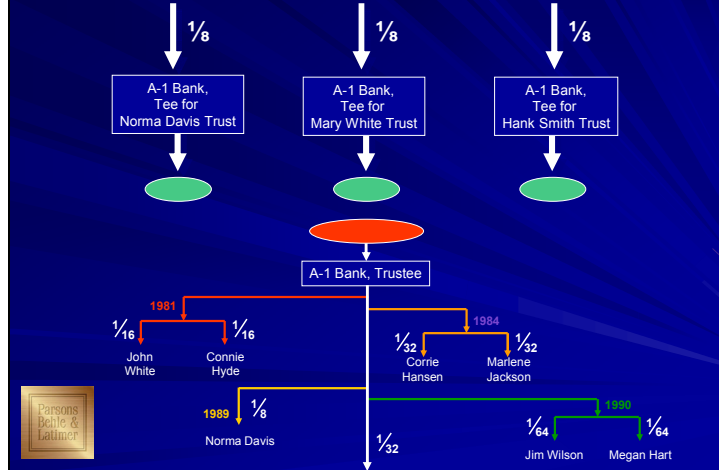


## The Outstanding 3/4ths Interest Held by:

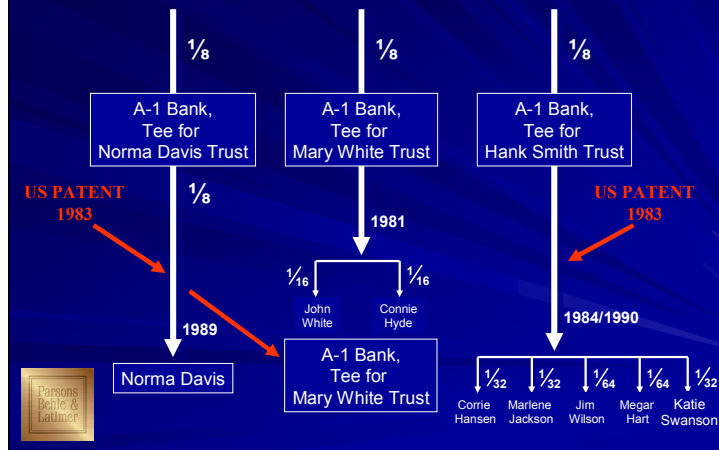
Mary White Trust	1/8th
Peter White	1/8th
Norma Davis Trust	1/8th
Dan Smith Trust	1/8th
Jan Blair	23/224ths
Jan Blair, Custodian	1/112 <sup>th</sup> 1/112 <sup>th</sup>
Jean Blair	1/112
Pat Blair	1/112
Jon Blair	1/112
Johanna Johnson	1/16 <sup>th</sup>
David Johnson	1/112 <sup>th</sup>



## Apparent Chain of Title



## Result Of Curative Deeds



## Probates

- **Norma Davis 1/8<sup>th</sup> interest**
  - Died 5 years ago, a will but no Utah probate; two surviving sons (1/16<sup>th</sup> interest each)
- **Jim Wilson 1/64<sup>th</sup> interest**
  - No will; family trust, but did not include this asset; surviving spouse
- **John White 1/16<sup>th</sup> Interest**
  - No will; surviving spouse
- **Megan Hart 1/64<sup>th</sup> interest**
  - Died in Canada 2 years ago, a will but no Utah probate; residuary clause naming 3 surviving children (1/192<sup>nd</sup> interest each)



## Community Property Issues

- Owners in Texas, Wisconsin and California, and Idaho
- Legal Analysis
  - Conflict of Laws – Situs of Property or Domicile?
  - Marital or Separate Property?
- Avoided by Asking Spouses to Sign



## Documenting the Transactions

- 25 Letters Offering to Purchase, explaining
  - 9 trust problems
  - 6 probate problems
  - 8 community property problems
- 25 Purchase and Sale Agreements
- 22 Deeds
- 22 Checks
- 22 closings



## Time Line

- 6/03 Began property analysis
- 7/03 Requested additional documents from title company
- 8/03 Received additional documents
- 9/03 Formulated the offer and drafted Offer Letters & Purchase and Sale Agreements
- 10/03 to 11/03 Tracked down missing owners and contacted A-1
- 12/03 Offer Letters Sent





## Time Line Continued

- 1/04 to 2/04 Tracked down more missing owners; one probate finished
- 11/03 to 3/04 getting A-1 curative deed
- 3/04 3 Closings
- 4/04 14 Closings
- 5/04 2 Closings; 3 probates pending



## Outstanding Issues

- Small Defects
  - Potential claimants of small fractional interests
  - No addresses
  - Common names
  - Age of documents suggests claimants may be deceased



## Obtaining 3<sup>rd</sup> Party Interests

- Concerns:
  - Interest holders might refuse to sell and/or demand exorbitant price
    - RAM has no clear condemnation authority
  - Protracted negotiation – delay
  - If RAM couldn't acquire, DOE might question RAM's "serious efforts"
- Transfer could be indefinitely delayed



## "Offer Letter" Approach

- Provide Detailed Information:
  - Regulatory status of site
  - Tailings and plume, and potential liability
  - Possibility of Federal condemnation
  - Lack of economic reserves
- Credibility



## **“Offer Letter” Approach**

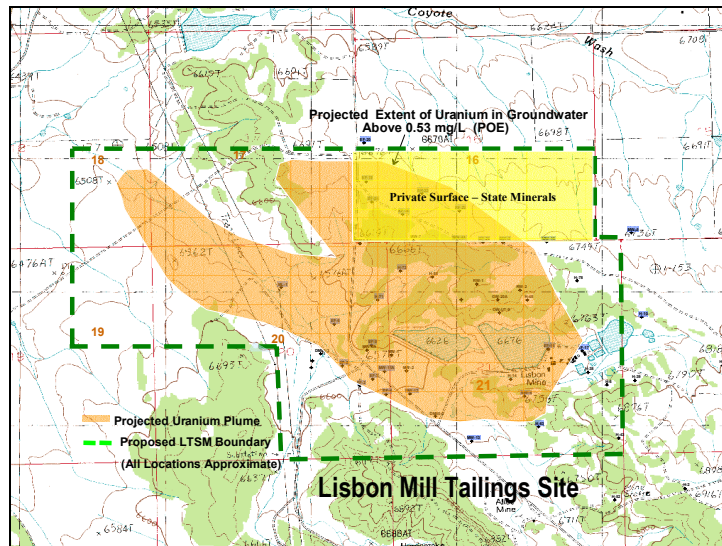
- Inducements:
  - Generous offering price & terms
  - Full indemnity
  - Specter of federal condemnation (lower price) or Licensee status
  - Limited-time offer



## **“Offer Letter” Approach**

- Keep NRC & DOE in Loop
  - Obtain Pre-review of Offer Letters
  - Provide Copy of Offer Letters
  - Demonstrate “Serious Efforts”





## State-owned Mineral Estate

(So. ½ Sec. 16)

- School & Institutional Trust Lands Administration – Ongoing Negotiation
- Factors:
  - Area does not contain tailings (plume only)
  - Good evidence (drill logs) of non-mineral character
  - Oil & gas potential, if any, is deep (10,000' +)
  - Utah Law:

“Except as otherwise prohibited by the Jones Act of January 25, 1927, 43 U.S.C. Sections 870-871, mineral interests in trust lands may be exchanged for mineral interests of comparable value or otherwise disposed of, if their retention would create a liability exceeding their value.”

